

Message Text

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44

ORIGIN EB-11

INFO OCT-01 EUR-25 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 FEA-02 OMB-01

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COMMERCE:BEWT:WSWEENEY

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R 241526Z JAN 74

FM SECSTATE WASHDC

TO AMCONSUL MILAN

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMCONSUL GENOA

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMCONSUL NAPLES

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMCONSUL TURIN

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E.O. 11652: N/A

TAGS: EIND, ETRD, IT
SUBJECT: US FERROUS SCRAP EXPORTS

REF: MILAN 89

1. RE ITALIAN COMMENTS CONCERNING ANTICIPATED PROBLEMS RESULTING FROM "FRAGMENTATION" OF FIRST QUARTER SCRAP ALLOCATIONS AMONG US EXPORTERS, SHOULD BE NOTED THAT ANY SUCH PROBLEMS WOULD BE FACED BY ALL IMPORTERS AND NOT BY ITALIANS ALONE, SINCE ALL COUNTRY QUOTAS HAVE BEEN ALLOCATED AMONG US EXPORTERS ON SAME BASIS, I.E., ON BASIS EXPORTER'S EXPORTS TO GIVEN COUNTRY DURING BASE PERIOD. IN FACT, HOWEVER, ITALIANS APPEAR TO BE RELATIVELY WELL OFF INsofar AS ALLEGED "FRAGMENTATION" CONCERNED.

2. UNDER 1974 PROGRAM, ANY US EXPORTER WHO REPORTED BASE PERIOD EXPORTS TO A GIVEN COUNTRY OTHER THAN CANADA OR MEXICO RECEIVED A MINIMUM QUOTA SHARE OF 200 ST FOR THAT COUNTRY (60 ST IN CASE OF CANADA OR MEXICO, DUE TO LARGE AMOUNT OF SMALL ORDER TRADE WITH THESE COUNTRIES). IN CASE OF EC, ANY US EXPORTER WHO REPORTED BASE PERIOD EXPORTS TO ONE OR MORE EC MEMBERS RECEIVED A MINIMUM QUOTA SHARE OF 200 ST EACH FOR ITALY AND UK. REVIEW OF INDIVIDUAL EXPORTER ALLOCATIONS FOR ITALY, HOWEVER, INDICATES THAT LOWEST ALLOCATION WAS FOR 679 ST; NEXT LOWEST FOR 1,451 ST; AND RANGED AS HIGH AS 56,632 ST.

3. RE OTHER POINTS MADE AT CONCLUSION PARA 2 REFTEL, (A) SALE OR TRANSFER OF SCRAP LICENSES IS PROHIBITED UNDER EXPORT CONTROL REGULATIONS; (B) GIVEN RECORD FOREIGN SCRAP DEMAND AND HIGH PREVAILING EXPORT PRICES, WE DOUBT THAT MANY EXPORTERS, EVEN THOSE WITH MINIMUM ENTITLEMENTS, WILL ABANDON OR NOT USE THEIR LICENSES.

4. RE SPECIFIC PROBLEM OF SCHIABO DESCRIBED PARA 3 REFTEL, THERE IS NOTHING THAT CAN BE DONE TO INCREASE SCHIABO'S ALLOCATION TO COVER FULL AMOUNT OF CONTRACT (WHICH MAY HAVE CONTAINED CLAUSE MAKING CONTRACT CONTINGENT ON SCHIABO'S OBTAINING NECESSARY LICENSE). WHILE SALE OR TRANSFER OF LICENSES NOT PERMISSABLE, THERE NOTHING LIMITED OFFICIAL USE

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IN REGULATIONS TO PREVENT EXPORTERS RECEIVING SMALL ALLOCATIONS FROM GROUPING THEIR INDIVIDUAL ALLOCATIONS TO MAKE ECONOMIC CARGOES OR SHIPLOADS. USG IS NOT RPT NOT INVOLVED IN CONSOLIDATION OF SUCH ALLOCATIONS, WHICH MIGHT BE DONE BY INDIVIDUAL EXPORTERS, THROUGH SCRAP TRADE ASSOCIATION, OR THROUGH FREIGHT FORWARDERS AND/OR CONSOLIDATORS. DUE TO BUSINESS CONFIDENTIAL NATURE OF INFORMATION CONCERNING IDENTITIES OF EXPORTERS HOLDING COUNTRY QUOTAS

AND AMOUNTS OF SUCH QUOTAS, WE ARE UNABLE TO PROVIDE THIS INFORMATION TO ITALIANS. HOWEVER, WE BELIEVE THAT TRADE IS GENERALLY AWARE OF WHICH EXPORTERS ARE FACTORS IN SCRAP TRADE WITH GIVEN COUNTRY(IES), E.G., ITALY, AND THAT EXPORTERS HOLDING SMALL ALLOCATIONS WILL BE CONSIDERING VARIOUS POSSIBILITIES OF CONSOLIDATING ORDERS.

5. BECAUSE REFTEL CONTAINS INFORMATION ON INDIVIDUAL COMPANY CONTRACTS AND QUOTAS, DEPARTMENT IS RECLASSIFYING REFTEL AS LIMITED OFFICIAL USE. INFO POSTS AND OTHER RECIPIENTS OF THIS MESSAGE ARE REQUESTED TO CHANGE CLASSIFICATION ON THEIR COPIES REFTEL. FUTURE MESSAGES MENTIONING INDIVIDUAL US EXPORTER CONTRACTS OR QUOTAS SHOULD BE CLASSIFIED. KISSINGER

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